

EAA Reservoir Construction Amendment January 31, 2008



Staff Recommendations



- 1. Authorize an amendment for construction of the EAA Reservoir from a not-to-exceed amount of \$400 million to \$600 million.
- 2. Authorize \$5.5 million for continuation of the OCIP program.
- 3. Authorize the District to purchase builder's risk insurance at a cost of \$8 million project.

History of Agreement



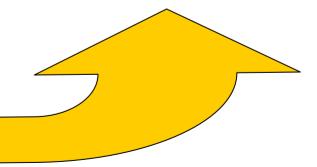
- Agreement executed in June 2006 with a notto-exceed amount of \$400 million dollars.
- Agreement was executed prior to design of the embankment and pump stations. Only seepage canal design was complete.
- The Agreement provides for Construction Management-At-Risk Services, Guaranteed Maximum Pricing.
- Allowed the project to meet original schedule agreed to by the State of Florida and the Federal government.

Major Factors Influencing Cost...



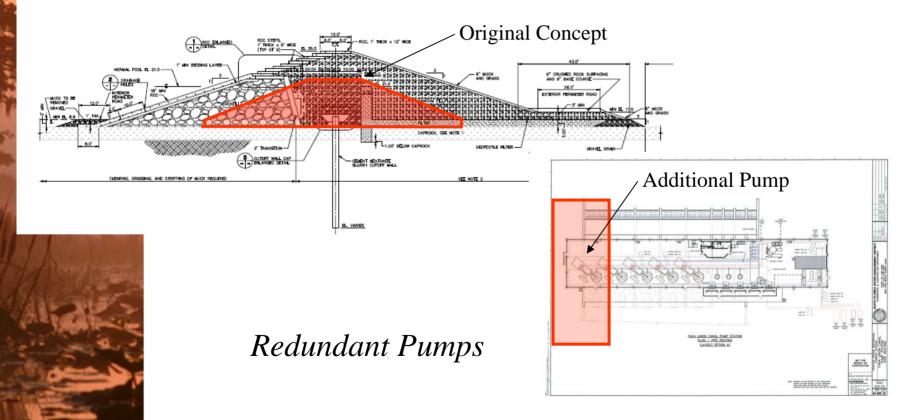
Added Projects

- to Meet Key Restoration Goals
- ✓ Engineering Criteria
 - Public Safety
 - Operations and Maintenance
- ✓ Inflation
 - Higher Than Expected

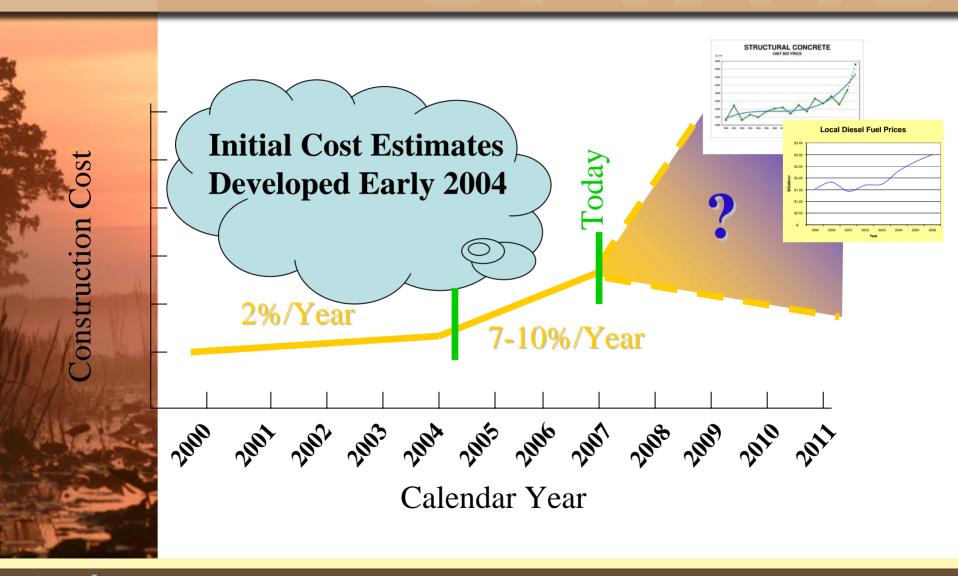


Engineering Criteria

Zoned & Larger Embankments/Dam Safety



Increased Inflation



Cost Volatility



- Construction projects across the country are experiencing cost increases due to inflation forces
- USACE Herbert Hoover Dike Refurbishment
 - Original estimate: \$300 Million
 - Current project: \$856 Million
- Miami Airport Expansion
 - Original estimate: \$2.66 Billion
 - Current budget: \$6.20 Billion
- Florida Department of Transportation
 - Over 100% increase in construction costs over last year

Breakdown of Pricing



GMP #1 – Mobilization, begin seepage Canal, and muck removal	\$ 53.7 m
GMP #2 – Construct rock processing plant and process materials for embankment	\$112.7 m
GMP #3 – Complete seepage canal excavation	\$ 96 m
GMP #4 – Construct embankment	\$330.9 m
GMP #5 – Pump procurement (District to procure)	July 2008
GMP #6 – Construction of pump structures	Nov 2008
GMP #7 – Construction of U.S. 27 Bridge	Nov 2008
Pre-construction and Outreach	\$ 4.8 m
Total Obligated after GMP #4	\$ 598.2

Highlights of the Agreement



- Reduce fee from 6.9% to 5%
- Reduce General and Administrative Cost from 11% to 8.1%
- Removes Builder's Risk Insurance
- Apply Savings from GMP #1 and #3 to owner's allowance at no fee.
- Provides Cost Sharing Incentive with contractor
- Includes Federal Acquisition Regulation (FAR)
 Clauses to increase the District's ability to receive future crediting.

Federal Acquisition Regulation



ISSUE: FAR provisions are subject to interpretation by the Federal government.

RESOLUTION: The contractor shall comply with the FAR provisions, but language is being discussed in the contract that the District, not the contractor, is responsible for defending the negotiated rates on equipment and labor with the Federal government.

Small Business Program



Goals Negotiated based on work in GMP:

GMP #1 = 10%

GMP #2 = 13%

GMP #3 = 16%

GMP #4 = 11%

Contractor is on target with goals.



GMP #4 (embankment)



- \$400 m (original proposal)
- \$331 m final cost
- Saved \$28 m from audit assistance and outside counsel
- Future GMP's will be presented to Board as amendments to the agreement.

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Questions

